

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 NIC-01 OMB-01 TRSE-00

/070 W

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R 061100Z MAR 75

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC 5204

INFO CINCLANT

COMICEDEFOR

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: ELAB IC

SUBJECT: LABOR FEDERATION SEEKS STRIKE AUTHORITY AS UNION  
IMPATIENCE GROWS

1. A SPECIAL CONFERENCE ON WAGE-RELATED MATTERS OF THE ICELANDIC  
FEDERATION OF LABOR HAS URGED ALL IFL AFFILIATES TO SOLICIT  
MEMBERS' AUTHORIZATION TO STRIKE AND TO BE READY TO USE MANDATE  
IF GOVERNMENT AND EMPLOYERS ARE NOT FORTHCOMING WITH SATISFACTORY  
WAGE OFFER WITHIN NEXT FEW DAYS.

2. STRIKE WARNING, WHICH IS DEPARTURE FROM RESTRAINT THUS FAR  
SHOWN BY LABOR IN CURRENT GENERAL WAGE/TERM NEGOTIATIONS, COMES  
IN RESPONSE TO SERIES OF GOVERNMENT MEASURES WHICH UNIONS MAINTAIN  
HAS FURTHER ERODED PURCHASING POWER ALREADY REDUCED BY INFLATION.  
THESE INCLUDE LAST MONTH'S 20 PER CENT DEVALUATION, ONE-  
PERCENT SALES TAX HIKE EFFECTIVE MARCH 1, AND RECENT RATE  
INCREASES ON SUCH ESSENTIALS AS HOT WATER AND ELECTRICITY.

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IN RELATED DEVELOPMENT, UNIONS REJECTED AS INSUFFICIENT LAST

WEEK GOVERNMENT OFFER OF IKR 3800 INCREASE PER MONTH FOR LOWEST PAID (NOW DEFINED AS THOSE EARNING IKR 65,000 MONTHLY OR LESS).

3. IN COMMUNIQUE ISSUED FOLLOWING MAR 3-4 WAGE MEETING, IFL CLAIMED THAT IF NO CORRECTIVE STEPS ARE TAKEN BY GOVERNMENT BEFORE MAY 1, WAGE EARNERS WILL HAVE SUFFERED 50-60 PER CENT LOSS IN PURCHASING POWER FROM LEVELS AGREED UPON IN GENERAL WAGE NEGOTIATIONS A YEAR AGO. STATEMENT CHARGED THAT IN CONTRAST TO RESPONSIBLE APPROACH OF LABOR IN FACT OF COUNTRY'S ECONOMIC PROBLEMS, GOVERNMENT HAS TAKEN ADVANTAGE OF SITUATION TO UNDERCUT WORKERS' STANDARD OF LIVING. IT ADDED THAT "STATE OF EMERGENCY" FACES ICELAND'S WORKING CLASS AND THAT IFL WILL USE INFLUENCE "TO FULLEST" IN ORDER TO RECTIFY SITUATION.

4. COMMENT: IFL DECLARATION CONTAINS NEW TONE OF TOUGHNESS, BUT LEAVES AMPLE ROOM SHORT OF STRIKE FOR NEGOTIATED SETTLEMENT. LABOR POSITION APPARENTLY REMAINS GOVERNED BY KNOWLEDGE THAT COUNTRY IS IN SEVERE ECONOMIC STRAITS AND ACCORDINGLY UNIONS GENERALLY SHARE GOVERNMENT INSISTENCE THAT FIRST PRIORITY IN CURRENT NEGOTIATIONS IS SOLUTION THAT GUARANTEES JOB SECURITY IN FACE OF POSSIBLE SLUMP. AS ONE LABOR OFFICIAL TOLD US, WORKERS KNOW THAT IF THEY WALK OUT, MANY WILL NOT HAVE JOBS TO RETURN TO. NEVERTHELESS, PAGE HAS OBVIOUSLY BEEN TURNED, AND STRIKE LOOMS AS STRONGER POSSIBILITY IN WAKE OF LATEST DEVELOPMENTS. IRVING

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## Message Attributes

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